



HF 587 – Plumbing and Mechanical Licensing (LSB 1690HV)
Analyst: Kenneth Ohms (Phone: (515) 725-2200) (kenneth.ohms@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 587 makes several changes to licenses issued by the Plumbing and Mechanical Systems Board, including but not limited to the following:

- The creation of a Mechanical License that covers mechanical, HVAC-refrigeration, sheet metal, and hydronics work.
- Specialization licenses for individuals that do not want to obtain a Mechanical License and adds “sheet metal” to the types of licenses issued by the Board.
- Requires the Board to adopt the most current version of the Uniform Plumbing Code and the International Mechanical Code.
- Changes the licensing period to occur once every three years beginning July 1, 2017, for all licenses under the purview of the Board. Language is included to provide for the transition and prorated fees of license issuance effective on enactment.
- Revises language relating to the use of license numbers in advertising.
- The development of a plan between the Department of Public Health (DPH) and the Labor Services Division, of the Department of Workforce Development to combine the Contractor Registration and Contractor Licensing application process beginning on July 1, 2017.
- Permits the Board to adopt emergency rules involved with the implementation of this Bill.

Background

Under current law a licensee that wants to do all of the plumbing and mechanical work covered in Iowa Code chapter **105** needs four licenses: plumbing, HVAC, refrigeration, and hydronic. Licenses for these professions currently expire three years after the date of issuance. Iowa Code section **105.9** restricts the Board from having revenue projections that exceed expense projections by more than 10.0%. Contractors in the State are required to annually register with the Labor Commissioner (Department of Workforce Development).

Assumptions

- The Plumbing and Mechanical Systems Board will have carryforward of approximately \$1.1 million at the end of FY 2013 to FY 2014.
- New revenue for licenses issued in FY 2014 will be \$75,000.
- The DPH is required to collect and transfer the Contractor Registration fee to the Labor Services Division at no cost to the Division.
- An accurate estimate of licenses issued to individuals under the new structure cannot be made until after July 1, 2014.
- The number of individuals seeking licenses will also need to register as contractors will be approximately 1,600.

Fiscal Impact

There is no fiscal impact to the General Fund.

The Board retains fees charged to licensees to fund operations and has authority to set fees based on the cost of administration of examination pursuant to Iowa Code section [105.9](#) and will adjust these fees to match projected demand. Due to insufficient information on the number of licenses being sought, an estimate on the new fees and revenues cannot be made at this time. One-time expenses of changing software are expected to cost up to \$250,000 and will be covered in the operating budget of the Board.

Combining the Contractor Licensing application and fees and the Contractor Registration fees would frontload the Contractor Registration Revolving Fund with three years' worth of revenue for these contractors in one fiscal year. This will equal approximately \$240,000 in revenue for FY 2018. The fees will then be available in future fiscal years for expenditures pursuant to the administration of the Fund. There is potential for the Fund to be positively impacted if a licensee registered for three years, but then left the profession for any reason after one or two years.

The revised language regarding the simple misdemeanor penalty for fraudulent advertising is not anticipated to have a significant fiscal impact. For more information, please refer to the memo [Correctional Impact Statements](#), dated February 11, 2013, for State cost estimates for criminal penalties.

Source

Department of Public Health

/s/ Holly M. Lyons

March 19, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
